

PRINCIPLES AND OBJECTIVES OF ISLAMIC ECONOMICS AS AN ALTERNATIVE SOLUTION TO CONTEMPORARY ECONOMIC PROBLEMS

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Abstrak

Penelitian ini mengkaji prinsip dan tujuan ekonomi Islam sebagai suatu kerangka alternatif dalam menyelesaikan berbagai persoalan ekonomi kontemporer yang ditandai oleh ketimpangan, ketidakstabilan finansial, dan erosi etika dalam sistem pasar global. Menggunakan metode deskriptif kualitatif dengan pendekatan kritis-interpretatif, penelitian ini menganalisis literatur otoritatif ekonomi Islam, laporan kelembagaan, serta wacana sosial-ekonomi mutakhir. Temuan penelitian menunjukkan bahwa ekonomi Islam menawarkan paradigma komprehensif yang berlandaskan prinsip tauhid, keadilan, keseimbangan, dan kemaslahatan, dengan mekanisme normatif dan praktis untuk mendorong pemerataan distribusi, ketahanan finansial, dan tata kelola pasar yang etis. Bukti empiris juga menegaskan efektivitas instrumen redistribusi seperti zakat dan wakaf, kontrak bagi hasil, serta inovasi fintech syariah dalam mengurangi kemiskinan struktural dan memperkuat pembangunan ekonomi yang inklusif. Penelitian ini menyimpulkan bahwa ekonomi Islam bukan hanya menawarkan alternatif normatif, tetapi juga paradigma transformatif yang mampu membentuk ulang pemikiran ekonomi global menuju tatanan yang lebih berkelanjutan, etis, dan berorientasi pada kemanusiaan

Kata Kunci: Ekonomi Islam, Keadilan, Kemaslahatan

Abstract

This study examines the principles and objectives of Islamic economics as an alternative framework for addressing contemporary economic challenges marked by inequality, financial instability, and ethical erosion in global markets. Using a qualitative descriptive method grounded in a critical-interpretive approach, the research analyzes authoritative Islamic economic literature, institutional reports, and contemporary socio-economic debates. The findings indicate that Islamic economics provides a comprehensive paradigm centered on the principles of tawhid, justice, balance, and maslahah, offering normative and practical mechanisms to promote distributive equity, financial resilience, and ethical market governance. Empirical evidence also highlights the effectiveness of Islamic redistributive instruments, risk-sharing contracts, and Islamic fintech innovations in reducing structural poverty and enhancing inclusive economic development. The study concludes that Islamic economics represents not merely a normative alternative but a transformative paradigm capable of reshaping global economic thinking toward more sustainable, ethical, and human-centered outcomes.

Keywords: Islamic Economics, Justice, Welfare

Introduction

The global economic landscape over the past two decades has been marked by deep structural disruptions, ranging from widening income inequality to financial-market volatility and recurrent crises driven by speculative excess. These phenomena increasingly underscore the limitations of conventional economic paradigms whose central orientation toward profit maximization and market efficiency often sidelines moral considerations and distributive justice (Piketty, 2021; Stiglitz, 2020). As a result, economic crises are no longer understood merely as material failures but also as manifestations of moral and institutional breakdowns requiring a rethinking of foundational development paradigms. This condition opens up space for alternative models most notably Islamic economics which foreground value-based, ethical, and spiritually rooted approaches to economic governance (Asutay, 2021). In this context, Islamic economics is becoming more relevant within global debates about sustainable and equitable development.

Islamic economics emerges as a normative response to these challenges through principles grounded in tawhid, justice ('adl), balance (tawazun), and public interest (maslahah). These principles affirm that economic activity cannot be detached from ethical imperatives and broader moral objectives, suggesting that development must transcend material accumulation and integrate spiritual and social well-being (Chapra, 2022). Islamic economics therefore provides not only technical instruments such as zakat, the prohibition of riba, and profit-sharing contracts but also a reconstructed worldview on wealth, production, exchange, and distribution (Iqbal & Mirakhor, 2021). This holistic orientation underscores a long-standing Islamic conviction that an equitable economic structure forms the basis of social harmony and political stability, a paradigm that has persisted from classical Islamic thought to contemporary intellectual discourse.

In the Indonesian context, the relevance of Islamic economics has strengthened significantly in response to the growing need for development models that are inclusive, equitable, and socially embedded. Issues such as structural poverty, the financing needs of micro and small enterprises, inequality in asset ownership, and vulnerabilities to global economic shocks all highlight the inadequacies of existing economic structures and the necessity for alternative frameworks that are resilient and value-driven (Ascarya, 2021). Islamic economics aligns closely with the spiritual, cultural, and social ethos of Indonesian society, while its institutional ecosystem from Islamic banking and Islamic fintech to productive waqf and the halal industry is expanding rapidly. These developments signal that Islamic economics is not merely a normative discourse but an emerging transformative movement capable of providing practical solutions to contemporary economic challenges (Huda & Heykal, 2020).

Contemporary economic problems such as sustainability crises, market dehumanization, and declining social solidarity reflect deeper tensions within digital capitalism and hyper-financialized global markets. Islamic economics offers a principled framework that restores human dignity by positioning individuals not as passive objects of market exploitation but as integral subjects within an ethical economic order (Zaman, 2022). The maqasid al-shariah framework articulates that the ultimate objective of economic life is the comprehensive preservation and enhancement of human welfare, encompassing material, social, and spiritual dimensions (Dusuki & Bouheraoua, 2021). This worldview provides strong moral foundations for resource management and policy formulation that prioritizes collective welfare, a perspective increasingly critical in navigating global transformations characterized by uncertainty and inequality. For this reason, the urgency of engaging Islamic economic principles and objectives as alternative solutions to contemporary economic problems has become increasingly evident. Instruments such as zakat, waqf, qardhul hasan, and profit-sharing investments have demonstrated resilience while contributing significantly to social equity, poverty alleviation, and

grassroots empowerment (Obaidullah, 2021; Ibrahim, 2023). Islamic economics rejects exploitative and speculative practices that often underlie financial instability, instead promoting fairness, shared responsibility, and sustainable distribution. The embedded orientation toward justice and long-term welfare provides a critical foundation for building an economic order that is resilient, ethical, and human-centered. Therefore, scholarly inquiry into the role of Islamic economic principles as a viable alternative paradigm has become indispensable for understanding pathways toward a more just and sustainable future.

Research Methods

This study adopts a qualitative descriptive design rooted in a critical-interpretive approach to analyze the relevance of Islamic economic principles as alternative solutions to contemporary economic challenges. A qualitative design is appropriate because the focus of the research lies in interpreting normative frameworks, institutional practices, and socio-economic discourses that shape the development of Islamic economics (Creswell & Poth, 2021). The study employs a textual and thematic analysis of authoritative Islamic economic literature, policy documents, and contemporary academic debates, enabling the researcher to identify recurring patterns, conceptual tensions, and epistemic contributions. This interpretive orientation provides the analytical depth necessary to explore the philosophical foundations and operational implications of Islamic economics in addressing global economic issues. The approach aligns with growing qualitative traditions in Islamic economic research that emphasize meaning-making and contextual interpretation (Hallaq, 2020).

Data for this study were gathered through an extensive review of scholarly publications, classical Islamic sources, empirical reports from Islamic economic institutions, and recent analyses of global economic crises. These sources were selected purposively to ensure the inclusion of authoritative perspectives across theoretical, institutional, and practical domains (Mason, 2018). The data were analyzed using a thematic coding technique, categorizing findings into key dimensions such as distributive justice, ethical constraints, sustainability, financial stability, and socio-economic welfare. This analytical procedure enables the triangulation of normative principles with contemporary economic realities, ensuring interpretive validity and conceptual rigor (Saldaña, 2021). The thematic framework also supports the identification of Islamic economic instruments that have demonstrated empirical relevance in addressing inequality, poverty, and financial instability in various regions.

Results and Discussion

The findings of this study reveal that contemporary economic crises are fundamentally linked to structural imbalances and the erosion of ethical considerations in market operations. The dominance of profit-driven mechanisms, speculative finance, and hyper-individualized consumption patterns has intensified socio-economic disparities across both developed and developing countries (Stiglitz, 2020). The thematic analysis shows that Islamic economics provides a normative corrective by integrating ethical imperatives into economic governance, especially through principles of justice, balance, and human dignity. These principles function as safeguards against exploitative market behavior, while also reshaping policy orientations toward equitable welfare distribution (Chapra, 2022). The research indicates that Islamic economic frameworks can effectively address not only material deficits but also moral and institutional deficiencies that underlie recurring global crises. The analysis further demonstrates that the principle of *tawhid* plays a central role in shaping economic behavior within Islamic thought, grounding economic activities in a unified moral order that rejects fragmentation between

economic, social, and spiritual spheres (Asutay, 2021). This principle establishes the epistemic basis for a value-centered economy where material pursuits must align with ethical responsibility and collective well-being. The findings indicate that tawhid-driven consciousness reshapes consumption patterns, investment choices, and financial governance by emphasizing accountability to God and society. This integration of moral consciousness provides a paradigm that differs substantially from the secular rationalism of conventional economics, offering a holistic alternative capable of addressing long-term systemic instability (Iqbal & Mirakhor, 2021). The normative unity offered by tawhid thus emerges as a critical philosophical foundation for restructuring economic priorities.

Justice (*'adl*) also appears prominently in the findings as one of the most significant normative pillars in Islamic economics. The literature consistently characterizes justice as a multi-dimensional concept encompassing distributive, procedural, and restorative dimensions (Dusuki & Bouheraoua, 2021). The research shows that many contemporary economic problems including inequality, wage stagnation, and exploitation are direct consequences of structural injustices embedded within market institutions. Islamic economics challenges these injustices through concrete mechanisms such as the prohibition of *riba*, ethical constraints on trade, and mandates for transparency and fairness in contractual relationships (Huda & Heykal, 2020). These mechanisms operationalize justice in ways that counteract systemic imbalances perpetuated by interest-based finance and market monopolization.

The study finds that the concept of *maslahah* (public interest) functions as an integrative framework guiding policy formulation within Islamic economics. *Maslahah* ensures that economic decisions prioritize societal welfare over narrow private or corporate gains (Kamali, 2021). The findings reveal that this orientation is particularly relevant in the contemporary era, marked by the expansion of digital capitalism and increasing tendencies toward social exclusion. Through the lens of *maslahah*, economic instruments are evaluated not solely on efficiency metrics but also on their capacity to enhance well-being, reduce poverty, and strengthen social cohesion. This reframing provides a vital corrective to utilitarian models that prioritize aggregate growth at the expense of vulnerable groups (Zaman, 2022). *Maslahah* thus emerges as a fundamental guiding principle for alternative economic development.

Another significant finding is the pivotal role of Islamic redistributive mechanisms especially *zakat*, *infaq*, and *waqf* in addressing structural poverty and inequality. The data indicate that these instruments contribute not only to short-term relief but also to long-term community empowerment through asset creation and investment in human capital (Obaidullah, 2021). *Zakat* distribution models, when managed institutionally and transparently, demonstrate measurable impacts on poverty reduction and social mobility. Likewise, productive *waqf* initiatives support public services, education, healthcare, and microfinance programs, thereby contributing to sustainable development (Ibrahim, 2023). These redistributive mechanisms reflect a distinctive ethical approach that blends charity, justice, and structural reform.

The study also finds that Islamic financial instruments based on risk-sharing, such as *mudarabah* and *musharakah*, offer alternatives to the debt-driven architecture of conventional finance. These contracts distribute risk equitably between capital providers and entrepreneurs, reducing systemic vulnerability and discouraging speculative practices (Iqbal & Mirakhor, 2021). The findings suggest that risk-sharing mechanisms produce greater financial stability, especially during periods of economic uncertainty, because they align returns with actual economic performance. This stands in contrast to interest-based systems, which often amplify crises through leverage and speculative bubbles (Stiglitz, 2020). Empirical evidence from Islamic finance institutions supports the potential of risk-sharing to build resilience within financial

markets. The research highlights the growing relevance of Islamic fintech as an innovative domain that integrates ethical principles with technological advancement. Islamic fintech platforms offer Shariah-compliant alternatives for investment, crowdfunding, microfinancing, and peer-to-peer lending, enabling broader financial inclusion (Ascarya, 2021). The findings indicate that these platforms significantly expand access to capital for marginalized communities while maintaining Islamic ethical standards. Moreover, technology-driven zakat and waqf management systems enhance transparency and efficiency, ensuring that resources reach intended beneficiaries. The alignment between technological innovation and Islamic values contributes to a more inclusive digital economy (Huda & Heykal, 2020). This demonstrates the adaptability of Islamic economics to contemporary technological contexts.

The findings also suggest that Islamic economics promotes sustainability through its prohibition of waste (*israf*) and encouragement of responsible resource utilization. This ecological orientation aligns closely with global sustainability frameworks that emphasize environmental protection and intergenerational justice (Kamali, 2021). Islamic teachings encourage moderation in consumption, ethical production practices, and stewardship of natural resources, all of which have direct implications for environmental policy. The thematic analysis reveals strong compatibility between Islamic economic principles and modern sustainability agendas, particularly in the areas of renewable energy, sustainable agriculture, and ethical investment. This compatibility positions Islamic economics as a valuable contributor to global ecological discourse (Zaman, 2022). The environmental dimension enhances the holistic nature of the Islamic economic model.

The study finds that Islamic economics not only provides theoretical principles but also offers institutional frameworks that can be operationalized within national development policies. The institutionalization of Islamic banking, *takaful*, Islamic social finance, and halal industry governance has created an integrated ecosystem capable of supporting long-term economic transformation (Huda & Heykal, 2020). The findings indicate that when these institutions operate cohesively and adhere to ethical standards, they contribute significantly to financial stability, employment creation, and social welfare. This ecosystem also provides practical mechanisms for reducing dependency on conventional financial systems that often generate vulnerabilities in emerging economies (Asutay, 2021). Institutional development thus plays a crucial role in translating Islamic economic principles into real-world outcomes.

The analysis additionally reveals that Islamic economics offers a strong counter-narrative to neoliberal individualism by promoting social solidarity, collective responsibility, and communal well-being. These values challenge the atomistic assumptions underlying modern market systems, which often define individuals solely in terms of self-interest (Piketty, 2021). The research highlights how concepts such as *ukhuwwah* (social brotherhood) and *takaful* cooperation reframe economic relationships as moral commitments rather than transactional exchanges. This reorientation helps build resilient communities capable of withstanding economic shocks and social fragmentation (Dusuki & Bouheraoua, 2021). The emphasis on solidarity reinforces the ethical distinctiveness of Islamic economic thought.

The findings further suggest that Islamic economics restores the role of ethics in market regulation, a dimension often neglected in contemporary economic governance. Ethical norms derived from Shariah shape behavior in areas such as pricing, market competition, transparency, and contractual integrity (Chapra, 2022). These norms discourage manipulation, monopolistic behavior, and information asymmetry, which are sources of inefficiency and injustice in conventional markets. The research demonstrates that markets governed by ethical constraints show higher potential for fairness and long-term stability. This ethical orientation challenges the

dominant belief that markets are self-regulating entities independent of moral intervention (Stiglitz, 2020). Islamic ethics therefore provides a normative anchor for disciplined and accountable markets.

The study reveals that Islamic economic instruments have empirically contributed to financial resilience in multiple regions. During periods of global crisis, Islamic financial institutions exhibited lower volatility and stronger asset quality compared to their conventional counterparts (Iqbal & Mirakhor, 2021). The prohibition of speculative transactions and the focus on real economic activities were identified as major contributors to this resilience. Moreover, the research indicates that Islamic social finance mechanisms played critical roles in crisis mitigation by supporting vulnerable communities and stabilizing consumption levels. These findings support the view that Islamic economics offers practical solutions to economic instability (Obaidullah, 2021). The empirical dimension strengthens the viability of Islamic economic paradigms.

The findings also show that Islamic economics offers a comprehensive framework for addressing contemporary inequality by integrating structural, ethical, and redistributive solutions. Redistribution alone is insufficient unless complemented by justice-based regulations, risk-sharing financial structures, and community empowerment mechanisms (Ascarya, 2021). Islamic economics approaches inequality not merely as a statistical imbalance but as a moral and institutional failure requiring multi-level intervention. The research demonstrates that Islamic principles provide a coherent strategy for balancing market freedom with social responsibility. This integrated approach contrasts with conventional economic models that often treat inequality as an inevitable by-product of growth (Piketty, 2021). Islamic economics thus offers a more holistic and value-driven alternative.

The study finds that the holistic nature of Islamic economics enables it to respond effectively to both material and non-material aspects of human welfare. The maqasid al-shariah perspective ensures that economic policies prioritize preservation of life, intellect, wealth, faith, and family dimensions often absent in secular economic frameworks (Dusuki & Bouheraoua, 2021). This multidimensional welfare approach aligns with global human development indicators, suggesting strong compatibility between Islamic ethics and contemporary social-policy goals. The research shows that societies applying maqasid-based policies achieve better outcomes in social justice, health equity, and community stability. This multidimensionality is a defining strength of Islamic economics (Kamali, 2021). The emphasis on holistic welfare addresses longstanding limitations in conventional development models.

Finally, the findings indicate that Islamic economics provides not only an alternative but a transformative paradigm capable of restructuring global economic thinking. Its integration of ethics, spirituality, and social responsibility offers a counter-model to systems dominated by materialism and short-term profit orientation (Asutay, 2021). The thematic analysis reveals that Islamic economic principles possess universal relevance beyond Muslim-majority societies, particularly in efforts to build sustainable, equitable, and morally grounded economies. The research concludes that Islamic economics has the conceptual strength and empirical validity to serve as a viable framework for addressing contemporary global economic challenges (Chapra, 2022). This positions Islamic economics as a significant contributor to future economic discourse and policy development.

Conclusion

The findings of this study affirm that Islamic economics offers a robust and holistic framework capable of responding to the structural, ethical, and institutional shortcomings of contemporary economic systems. By grounding economic activity in the principles of tawhid, justice, equilibrium, and the pursuit of public interest, Islamic economics moves beyond material prosperity to emphasize human dignity, moral responsibility, and multidimensional welfare. The research demonstrates that Islamic redistributive mechanisms such as zakat, waqf, and infaq combined with risk-sharing financial instruments and Shariah-compliant technological innovations, provide empirically validated solutions for reducing inequality, enhancing financial stability, and strengthening community resilience. These features distinguish Islamic economics from conventional models that often prioritize profit maximization and market efficiency at the expense of social cohesion and long-term welfare.

Moreover, the study concludes that Islamic economics holds significant potential as a transformative paradigm with global relevance. Its ethical orientation, emphasis on social solidarity, and alignment with sustainability principles offer a coherent alternative to economic systems that have contributed to recurrent crises and widening disparities. The integration of spirituality, ethics, and socio-economic justice within Islamic economics provides a compelling foundation for future policy development and scholarly inquiry. Ultimately, Islamic economics emerges not merely as a religious or cultural framework but as a universal model capable of guiding societies toward more just, resilient, and human-centered economic futures.

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Fawaid: Journal of Islamic Studies, FJIS

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